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THE ECONOMIC SITUATION IN FRANCE

HIS EXCELLENCY J. J. JUSSERAND
The French Ambassador, Washington, D. C.

IN most human affairs two elements exert a determining action, namely—facts and sentiment. If you neglect facts, you miscalculate and risk catastrophies; if you neglect sentiment, you risk also catastrophies. Some of the greatest conquerors went to wreck because they forgot that sentiment too is a fact and is a force, an imponderable force, to be sure, but which had the better of them.

We cannot pretend that, at the present time, after the destruction she has suffered, France has already healed all her wounds and regained her normal status and equilibrium; the wounds were too deep, so deep indeed that our enemies were pleased to hope that they were incurable and that, victorious though she was, France would not count in the future as she had in the past. More than two million families that should have been founded but for the war would not exist; the devastation surpassed the present area of the 13 original American states. This part was the richest of France, wont to produce 70 per cent of her cotton cloth, 80 per cent of her woollens, 74 per cent of her coal; for many other articles the numbers are scarcely less telling; authentic ones, all of them being derived from our official statement to the Brussels conference in September last.

For what concerns production and consumption, the swing of the pendulum continues abnormal; after a period when conditions, made worse by the will or, let us hope, only the lack of foresight, of some producers, had resulted in exorbitant prices, a period begins when the fall thereof is so brusque that producers threatened with producing at a loss, begin to dismiss their workmen, who in their turn risk to become helpless; the same producers beseech the consumer, who was getting accustomed to abstain, and had been told he should abstain from motives of thrift, kindly to consume again. Which shows how difficult it is to eat one's hen for dinner and then have her

eggs every morning thereafter for breakfast. Not killed, but hurt, the consumer is just now musing what he should do. France is not, I hear, the only country with a like problem.

This is the present. What of the future? The future, the immediate future, that part of the future which, minute by minute, is becoming before our eyes the present, is quite different; the light of day is in front of us, gloom behind.

First this bleeding, ravaged, heavily laden, victorious nation, France, like yours, has the proper spirit. Thankful for any help that may come from abroad, and much has come from America, causing a gratitude which will never cease, she intends to save herself to the best of her ability, and she will; she has already begun. No bolshevism for her, no fatalism, no fits of despair. She is at work, peasants, laborers, teachers, bourgeois, all that have hands and brains are at work. Land is reclaimed by peasants who first think of rendering the ground fruitful again, and only afterwards of securing shelter for themselves and their families: hence the extraordinary appearance of most of the ravaged regions this summer, plentiful crops in many parts, dotted with villages and hamlets as thoroughly ruined most of them as on the day of the armistice.

Rebuilding is expensive, labor scarce and costly. The problem needs the most earnest attention, for upon its solution, whatever be the personal disposition of the farmer, depends his health, welfare and efficiency; about 600,000 houses have been destroyed, half totally, half partially. Up to now, a number of ravaged localities have been adopted by French, American and English groups or cities; Tilloloy owes its new life to the ever vigilant and benevolent D. A. R.; Vitrimont to the zeal and generosity of Mrs. Crocker; many have been helped owing to the untiring action of Miss Morgan and her friends, and so on. Many English cities have done splendidly. The number of adopted places is 180 which, in itself, seems much; but is not, truth to say, when compared with the total ruin, which affected more than 3,000 cities and villages.

The question has been taken in hand over there in the proper spirit this summer, and sentiment has played its part. The cause of the devastated regions has been entrusted to the children of undevastated France; numerous trains arranged by private initiative have brought 20,000 of them to see with their

eyes what are the suffering and the needs, so that they might tell their parents when they went back. A questionnaire has been sent to the mayors of the devastated districts asking them what were their chief wants, outside of what the government provides or is to provide. They nearly all returned prompt and clear answers, some of them bravely declaring that their people could shift for themselves, and that help should be centered on the less lucky ones. These were allotted to each of the undevastated departments in proportion to the population and resources of the latter. The work has already gone ahead, some cities choosing the simple and honorable means of increasing their taxation so as to help the adopted ones, which was done for example by Lyons, god-mother to Laon and Saint-Quentin.

The idea is to sum up the results on Christmas eve; and at that time of the year, when long ago peace was proclaimed to men of good will, the 20,000 children will let their brethren of the invaded regions know what gift they have to offer them in that season of gifts. Other examples could be added, but this may be sufficient to show what is the sentiment in France.

Now for facts and figures, and I apologize for more figures, they may seem very dry, not so however when you remember the human tragedy and, we hope, victory, they represent.

After the armistice, we began life anew, greatly hampered by our losses, by so many of our peace industries having been transformed into war industries, by our terrible expenses which had totaled 200 billion francs from the first of August, 1914, to November 11, 1918. Our normal expenditure before the war used to figure in our yearly budget for 5 billion; it is now 21½.

Well, beginning with the budget, the result now reached after only two years is that the 21½ billions which include the interest of the debt, are entirely provided for by taxation. New taxes have been voted and are duly paid; the rate which was 129 francs per head before the war is now 574, and if this were a matter for glorying we might take pride on being the heaviest taxed among the great nations. It has been sometimes said even here that we were not taxed enough; let those who may think so go and try.

These sums are as I said duly levied; 3 billion and a half

francs more than last year have been garnered during the first ten months of the present year.

The expenses for reconstruction are, of course, not included in this total; Germany is bound to pay for them but our government cannot wait until she does to rebuild roads, railroads, canals and public edifices, or to advance to industries the necessary capital for setting to work again. Sixteen billions figure in the budget for reconstruction in 1921, and since Germany has not paid up to now, we have to borrow. It is often said that Germany would exert herself better if she knew exactly the total value of the destruction she has caused and which she will have to make good, and that we are to blame if she does not. Given the vastness of the area and the ingenuity of the destruction which neglected nothing from a mine to a well or a fruit-tree, not to speak of castles, churches and cathedrals, it is not a very easy matter to make such a valuation accurately. The treaty has however fixed a delay for it and we shall be ready at the appointed date if not before, which date is next May.

Our effort and expenditure have not in the meantime been in vain. Almost the totality of cultivable ground in the devastated regions has been cleared; half of it was, this summer, under cultivation; most of the railroads, half the ordinary roads have been remade or are at least practicable; 77 per cent of our industrial establishments are at work in whole or in part with 42 per cent of their personnel of former days. The total number of factories in operation was 700 in July, 1919—in July, 1920, it was three thousand. The least favorable account concerns coal mines where the destruction was so complete, and only 60 per cent is as yet under exploitation.

For all that, we have to borrow; our last experiment is a telling one since it seems from early reports that the present loan, the second in one year, will have yielded about 30 billion francs. The rate is 6 per cent, a moderate one, if we remember that Treasury notes in these wealthy and immensely resourceful United States are presently issued at $5\frac{3}{4}$ and even 6 per cent. This shows, at least, one thing, namely that our people have an unshaken faith in their future, their country, their government. My belief is that they are right.

Speaking of the public debt, I may add that while we were

before the war a creditor nation, with no external debt at all, and we are now a debtor nation, we have not, during the war, played only the part of borrowers, but have helped some of our allies whose needs were overpressing, loaning them a total of 13 billion francs.

A fact of great importance is that the balance of trade, though it has been up to now heavily unfavorable to us, as is natural, when we had so much to purchase owing to destruction, and our means of production were partly cramped, is improving with astonishing rapidity. During the first ten months of last year we exported to all countries, goods amounting to less than 8 billions; during the first ten months of the present year we more than doubled that number, exporting for nearly 19 billions. For the first time in October last this striking result was reached, that the balance of our trade was almost even, we importing for 2.5 billions, and exporting for 2.3 billions.

One of the items worthiest of notice in these, the most recent of our statistics, is food products; we imported almost one billion less than last year and exported almost one billion more. This will surely go on increasing both ways, with the continued reclaiming of the devastated regions and with the wider use, as fertilizers, throughout France, of potash from Alsace, phosphates from Tunis, and after a brief delay from the immense beds of phosphate recently discovered in Morocco. These last will however be in full exploitation only when the railroad to Casablanca and the port in construction there are finished, a matter of two or three years. One of the heaviest items in our purchase from abroad in these latter times will thus gradually disappear.

Under such circumstances, the degree to which exchange is adverse to us is certainly difficult to understand. Exchange like so many other human things depends, as I have already remarked, upon two elements: facts and sentiment. What the facts are, official statistics are here to show. The sentiment in this matter is a question of impression, of trust or distrust, of faith or doubt. I hope my nationality does not totally blind me, but if so then it blinds all my compatriots; we all have faith. And this is not a mere patriotic way of speaking; the present loan shows that we act as we feel. I do not pretend to be a specialist but my impression is that we have not the

rate of exchange we deserve, and I cannot but express the conviction that it will right itself before long.

When I returned from Poland last summer where France had desired to offer such help as she could to a nation who wanted to be free, I crossed our devastated regions as night was falling. We were traversing a ruined village, with the roofs battered in, no windows, no doors; the solitude, gloom and darkness gave the place a deathlike appearance. Suddenly, back of an opening in a half shattered wall, a light appeared, a quiet light, as steady as if nothing had happened. There was life in those ruins. Well, I thought this is emblematic; it is the emblem of France; she may know terrible storms but the lamp at her hearth will ever continue to shine.

Friendly America, who did so splendidly in this war, will, I am confident, feel with me and agree in this wish.